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Chapter 1

Managing in a Global World

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Learning Objectives

LO 1 Describe the essential functions of management.

LO 2 Understand what managers at different organizational levels do.

LO 3 Define the skills needed to be an effective manager.

LO 4 Summarize the major challenges facing managers today.

LO 5 Recognize how successful managers achieve competitive advantage.

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The Essential Functions of Management

Management

The process of working with people and resources to accomplish organizational goals.

- Efficiently.
- Effectively.

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Exhibit 1.1
The Four Functions of Management

Planning

Systematically making decisions about which goals and activities to pursue.

Organizing

Assembling and coordinating resources needed to achieve goals.

Leading

Stimulating high performance by employees.

Controlling

Monitoring performance and making needed changes.

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Planning Helps You Deliver Value

Planning

- Sets the stage for action.
- Can also be described as delivering strategic value.
- Traditionally top-down, now a dynamic and continual process throughout the organization.
- Creating value requires considering a new and changing set of factors.

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Organizing Resources Helps Achieves Goals

Organizing

- Goal is to build a dynamic organization.
- Effective managers are using new forms of organizing; consider people their most valuable resource.
- Build organizations that are flexible and adaptive.

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Leading Mobilizes Your People

Leading

- Today’s leaders must be good at mobilizing and inspiring people to fully engage in work and contribute their ideas.
- Great work must be done via great teamwork.

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Controlling Means Learning and Changing

Controlling

- Must include monitoring performance and making necessary changes.
- Now and in the future, key challenges involve continually learning and changing.

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Managing Requires All Four Functions

Managing Today

May involve all functions simultaneously on daily basis.

Managers should develop abilities with all four functions.

- Beneficial to career and life.

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Four Different Levels of Managers 1

Top-Level Managers	Middle-Level Managers
• Senior executives responsible for the overall management and effectiveness of the organization. • Strategic managers.	• Managers located in the middle layers of the organizational hierarchy, reporting to top-level executives. • Tactical managers.

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Four Different Levels of Managers 2

Frontline Managers

- Lower-level managers who execute the operational activities of the organization.
- Link between management and nonmanagement personnel.
- Operational managers.

Team Leaders

- Employees who are responsible for facilitating team performance.
- Also create and support a positive social climate, challenge the team and provide feedback.
- Serve as team's liaison with other stakeholders.

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Exhibit 1.2 Transformation of Management Roles and Activities

Roles and Activities	Team Leaders	Frontline Managers	Middle-Level Managers	Top-Level Managers
Changing Roles	From operational implementer to facilitator of team effectiveness.	From operational implementers to aggressive entrepreneurs.	From administrative controllers to supportive controllers.	From resource allocators to institutional leaders.
Key Activities	Structuring teams and defining their purpose. Finding resources and removing obstacles so teams can accomplish their goals. Developing team members' skills so teams can be self-managing.	Attracting and developing resources. Creating and pursuing new growth opportunities for the business. Managing continuous improvement within the unit.	Linking dispersed knowledge and skills across units. Managing the tension between short-term purpose and long-term ambition. Developing individuals and supporting their activities.	Establishing high performance standards. Institutionalizing a set of norms to support cooperation and trust. Creating an overarching corporate purpose and ambition.

Sources: F. P. Morgeson, D. S. DeRue, and E. P. Karam, "Leadership in Teams: A Functional Approach to Understanding Leadership Structures and Processes," *Journal of Management* 36, no. 1 (January 2010), pp. 5–39; J. R. Hackman and R. Wageman, "A Theory of Team Coaching," *Academy of Management Review* 30, no. 2 (April 2005), pp. 269–87; and C. Bartlett and S. Goshal, "The Myth of the Generic Manager: New Personal Competencies for New Management Roles," *California Management Review* 40, no. 1 (Fall 1997), pp. 92–116.

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Three Roles That All Managers Perform

Three Types of Roles

- Interpersonal roles.
- Informational roles.
- Decisional roles.

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Managers Need Three Broad Skills 1

Technical Skills

- Ability to perform a specialized task involving a particular method or process.
- For example, managing financial resources.

Conceptual and Decision Skills

- Ability to identify and resolve problems for the benefit of the organization and its members.
- For example, picking a location for a new office.

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Managers Need Three Broad Skills 2

Interpersonal and Communication Skills

The ability to lead, motivate, and communicate effectively with others.

People skills or soft skills.

High **emotional intelligence** (EQ).

- Understand yourself.
- Manage yourself.
- Work effectively with others.

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Exhibit 1.3 Skill Importance at Different Managerial Levels

blank	Technical Skills	Conceptual/ Decision Skills	Interpersonal/ Communication Skills
Top manager.	Low.	High.	High.
Middle manager.	Medium.	High.	High.
Frontline manager.	High.	Medium.	High.
Team leader.	High.	Medium.	High.

Source: Adapted from R. Katz, "Skills of an Effective Administrator," *Harvard Business Review* 52, no. 5 (September–October 1974), pp. 90–102.

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Major Challenges Facing Managers 1

1. Globalization.
2. Technological change.
3. The importance of knowledge and ideas.
4. Collaboration across organizational boundaries.
5. Increasingly diverse labor force.

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Major Challenges Facing Managers 2

Business Operates on a Global Scale

Today's enterprises are global, with offices and production facilities all over the world.

- Strong demand from overseas consumers and businesses.
- Cross-border partnerships.

Globalization made possible by the Internet for both large and small firms.

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Major Challenges Facing Managers 3

Technology Helps and Hurts

- Complicates things and creates new opportunities.
- Also creates new threats, as competitors capitalize on new developments.
- Online sites make it easier to connect with people and to develop **social capital.**

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Major Challenges Facing Managers 4

Knowledge Needs Managing

- **Knowledge management** is set of practices aimed at discovering and harnessing an organization's intellectual resources.

Collaboration Boosts Performance

- Collaboration requires communication among departments, divisions, or other subunits.
- Customers can also be collaborators.

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Major Challenges Facing Managers 5

Diversity Needs to Be Leveraged

- Labor force becoming more diverse.
- Increase in diversity will accentuate differences in employees' values, attitudes towards work, and norms of behavior.
- Effective managers must also find ways to connect with diverse customers, suppliers, and government officials.

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Sources of Competitive Advantage 1

- Innovation.
- Quality.
- Service.
- Speed.
- Cost Competitiveness.
- Sustainability.

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Sources of Competitive Advantage 2

Innovation	Quality
• The introduction of new goods and services. • Often the most important innovation is not the product itself, but how it is delivered. • Innovation comes from people.	• The excellence of your product (goods or services). • Historically, quality referred to attractiveness, lack of defects, reliability, and long-term dependability. • New philosophy of continuous improvement.

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Sources of Competitive Advantage 3

Service	Speed
• The speed and dependability with which an organization delivers what customers want. • Continually meeting the changing needs of customers to establish mutually beneficial long-term relationships.	• Fast and timely execution, response, and delivery of results. • Speed combined with quality is a measure that a company is operating efficiently.

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Sources of Competitive Advantage 4

Cost Competitiveness	Sustainability
• Keeping costs low to achieve profits and be able to offer prices that are attractive to consumers. • Requires efficiency.	• Reducing resource use and waste, especially for polluting and nonrenewable resources. • Addressing sustainability issues often produces bottom-line benefits.

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Managing Costs Through Efficiency

Walmart controls costs by continuously improving the efficiency and speed of its inventory management system. One of its distribution centers is pictured here.

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Doing Your Best

Competitive Advantages

Delivering on competitive advantages will be your responsibility.

- Do not just focus on your favorites.

Trade-offs may occur among the sources of competitive advantage, but this doesn’t need to be a zero-sum game.

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Group Challenge

Moms and Dads as Managers

- How does a parent perform the functions of planning, organizing, leading and controlling?
- Develop 3 to 4 specific examples for each management function.

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Chapter Review 1

Four functions of management.

- Planning, organizing, leading, controlling.

Four different levels of managers.

- Top, middle, frontline, team leader.

Three broad skills that managers need.

- Interpersonal, informational, decisional.

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Chapter Review 2

Major challenges facing managers.

- Globalization, technological change, importance of knowledge and ideas, collaboration across organizational boundaries, diverse labor force.

Sources of competitive advantage.

- Innovation, quality, service, speed, cost competitiveness, sustainability.

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